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U S WEST

REDACTED
FOR PUBLIC INSPECTION

May 19, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: Numbering Resource Optimization
CC Docket No. 99-200

Dear Ms. Salas:

Enclosed for filing please find U S WEST Communications, Inc.'s ("U S WEST") redacted Comments in the above-referenced proceeding. U S WEST files concurrently herewith, under separate cover, the following confidential materials:

1. Workpaper 2 -- Type 2 Network Recoverable Costs; and
2. Workpaper 3 -- OSS Cost Recovery for Number Pooling.

If you have any questions regarding this information, please call me.

Sincerely,

James T. Hannon

James T. Hannon (RW)

Enclosures

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200

COMMENTS OF U S WEST COMMUNICATIONS, INC.

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May 19, 2000

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SUMMARY

The Federal Communications Commission ("Commission") should adopt a federal cost recovery mechanism that ensures carriers will recover their full costs of complying with the federal number pooling mandate. U S WEST Communications, Inc. recommends that the nonrecurring costs of providing number pooling be recovered by adding those costs to the existing local number portability end-user surcharge and that the recurring costs be recovered through a charge added to the Subscriber Line Charge. Carriers -- particularly incumbent local exchange carriers -- will incur substantial costs to implement number pooling. Whatever mechanism is used, the Commission should permit recovery of all of these costs, including any costs associated with state trials.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200

COMMENTS OF U S WEST COMMUNICATIONS, INC.

U S WEST Communications, Inc. ("U S WEST") files these comments in response to the Federal Communications Commission's ("Commission") Further Notice of Proposed Rulemaking[1] in this docket. Part I of these comments discusses some general issues in connection with cost recovery for number pooling. Part II of these comments contains U S WEST's preliminary cost study for number pooling, including a general explanation of what costs U S WEST expects to incur for the provisioning of number pooling and a set of four workpapers that details the costs associated with U S WEST's implementation of number pooling.[2]

I. THE COMMISSION SHOULD ADOPT A TWO-PART COST RECOVERY MECHANISM AND, IN ANY CASE, MUST ENABLE CARRIERS TO RECOVER ALL THEIR COSTS OF NUMBER POOLING

In its March 31, 2000, Order, the Commission determined that it should establish a federal cost recovery mechanism to fulfill its obligation to ensure that the costs of 1K number pooling are "borne by all telecommunications carriers on a competitively neutral basis."[3] The Commission, however, deferred a decision on what that mechanism should be until it received

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[1] In the Matter of Number Resource Optimization, CC Docket No. 99-200, Report and Order and Further Notice of Proposed Rulemaking, FCC 00-104, rel. Mar. 31, 2000 ("Order" or "FNPRM").

[2] U S WEST is filing a separate letter concurrently with these comments that addresses several other issues raised by the FNPRM that are unrelated to cost recovery. Said letter is attached hereto as Appendix A.

[3] 47 U.S.C. § 251(e)(2).

further information describing the extent of the costs that carriers will incur. As Part II of these comments demonstrates, these costs are substantial. Moreover, because incumbent local exchange carriers ("LEC") such as U S WEST have more customers and more lines than their newer competitors, incumbents will bear most of the costs of number pooling. Accordingly, in order to satisfy the "competitively neutral" requirement, it is imperative that the Commission establish a federal cost recovery mechanism that allows carriers to recover fully their number pooling costs.

U S WEST believes that the federal cost recovery mechanism should be divided into two parts. First, the nonrecurring costs for developing and implementing number pooling should be recovered through an end-user surcharge like the local number portability ("LNP") surcharge. The Commission adopted virtually the same cost recovery principles for number pooling as it had for LNP because it recognized that the cost structure and types of costs for both services were very similar. The Commission should similarly permit carriers to recover their nonrecurring costs for number pooling through a surcharge. Indeed, rather than establishing a new separate surcharge, U S WEST suggests that the Commission allow carriers to add their nonrecurring number pooling costs to the existing LNP surcharge for the remaining four years for which that charge is authorized.

Second, the recurring costs of providing number pooling should be recovered through a charge added to the existing Subscriber Line Charge ("SLC") that results from price caps. The use of the SLC as a vehicle for cost recovery is appropriate because the costs of number pooling are not usage-based, and number pooling will benefit all customers with telephone lines.

However the Commission structures its cost recovery mechanism, it must ensure that carriers are able to recover fully their costs of number pooling. In fact, because incumbent LECs

such as U S WEST, will bear most of the costs of number pooling, the statutory requirement of competitive neutrality demands full cost recovery. The Commission has adopted the same two-part test for identification of recoverable costs as it did in connection with LNP: eligible costs would not have been incurred "but for" the implementation of number pooling and must be for "the provision of" number pooling. The Commission has divided number pooling costs into the three categories of shared industry costs, carrier-specific costs directly related to 1K number pooling, and carrier-specific costs not directly related to 1K number pooling.

Although U S WEST has no objection to these categories in theory, the test must be applied in a way that enables carriers to recover all of their costs attributable to number pooling. As U S WEST explained in its Application for Review of the Common Carrier Bureau's ("Bureau") Cost Classification Order in the number portability docket, the Bureau's application of this test in the context of number portability does not provide adequate cost recovery.[4] The Commission should not make the same mistake here. Carriers should be permitted to recover all costs that they incur as a result of the federal number pooling mandate without drawing unwarranted fine lines attempting to exclude costs that are deemed "indirect" or "incidental."

In addition, the Commission should not rely on the states to permit recovery for costs associated with state number pooling trials that states order pursuant to authority delegated by the Commission. The Commission and the states have largely independent jurisdictions and

[4] In particular, the Bureau's Order unlawfully excludes costs that the Bureau itself admitted "may not have been incurred absent telephone number portability." In the Matter of Telephone Number Portability Cost Classification Proceeding, Memorandum Opinion and Order, 13 FCC Rcd. 24495, 24505 ¶ 24 (1998) ("Cost Classification Order"); see also Application for Review of U S WEST, CC Docket No. 95-116, RM 8535, filed Jan. 13, 1999.

regulate different services, so neither the Commission nor the states may depend on the other to make up any shortfall in its own cost recovery mechanism.[5]

II. U S WEST WILL INCUR SUBSTANTIAL COSTS TO COMPLY WITH THE COMMISSION'S NUMBER POOLING MANDATE

In this section, U S WEST presents the results of its preliminary cost study concerning the costs that will result from the implementation and provision of number pooling. U S WEST stresses that the industry is at a very early stage of implementation, and these costs will evolve over time as U S WEST continues to work internally and with its vendors to design the appropriate network architecture and determine what other changes need to be made to implement number pooling.

Based on its preliminary cost study, U S WEST's recoverable costs for number pooling will be approximately $345,212,444.[6] This total is based on the four workpapers attached to these comments that detail the various costs from number pooling. Consistent with the Commission's determination, this total reflects an offset of the approximately $3.2 million that U S WEST estimates it will save through the delay of Numbering Plan Area ("NPA") splits.

A. Network (Operations and Technologies)

Workpapers 2 and 2A set forth the network costs U S WEST will incur for the provision of number pooling. These costs fall into four categories:

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[5] See Smith v. Illinois Bell Tel. Co., 282 U.S. 133, 148-49 (1930) (state regulators have "no authority to impose intrastate rates, if as such they would be confiscatory, on the theory that the interstate revenue of the Company was too small and could be increased to make good the loss"); Hawaiian Tel. Co. v. Public Util. Comm'n of Hawaii, 827 F.2d 1264, 1275 (9th Cir. 1987) (where regulator fails to provide recovery of costs assigned to its jurisdiction, the danger exists that "some costs of plant and expenses would not be included in the rate computations of either the [state regulator] or the FCC" and, as a result, "carrier[s] may be deprived of a fair rate of return when interstate and intrastate jurisdictions are both taken into account"), cert. denied, 487 U.S. 1218 (1988).

[6] See Workpaper 1.

1. Switching -- U S WEST will incur number pooling costs in connection with 5ESS, DMS100, DMS10, and AXE10 switches.[7]

U S WEST will incur costs for feature packages in its 5ESS switches. These features will provide the following capabilities related to number pooling: (1) correctly route calls when numbers are pooled into a switch but not yet assigned; (2) handle situations where numbers are pooled into one switch but one of those numbers is ported to a different switch; (3) expand the total number of NXXs that the switch can handle beyond its current limit of 250, which is inadequate in a number pooling environment; and (4) provide an announcement to callers that a call cannot be routed as dialed due to a routing error so that callers will initiate a repair complaint rather than receiving a Fast Busy Tone.

U S WEST will incur costs for similar features on its DMS100 switches. U S WEST also will need to add features that will enable different types of numbers (i.e., those native to the switch, ported into the switch, pooled into the switch, or from different NPAs) to be assigned to the same grouping arrangement for services such as Centrex and integrated services digital network ("ISDN"). In addition to these feature costs, the implementation of number pooling will require U S WEST to advance the time at which it would otherwise install generic software and associated hardware. Workpaper 2 includes the total costs for deploying this software and hardware; however, Workpaper 1 only includes the costs associated with accelerating this deployment of software and hardware from its originally scheduled date.

[7] U S WEST currently has some 1AESS switches and a 4AESS switch in its network. The 1AESS switches are expected to be removed from the network before federal number pooling implementation, and U S WEST accordingly is not including any costs associated with those switches. If, however, states require number pooling trials on a shorter timeline than the federal schedule, U S WEST probably will incur reimbursable costs associated with 1AESS switches. U S WEST's single 4AESS switch is a tandem only switch and accordingly is not affected by number pooling.

U S WEST's costs for DMS10 and AXE10 switches are similar to those for DMS100. U S WEST had no business plans to install the generic operating systems required for the number pooling features to function and, accordingly, will incur the additional costs associated with those systems.

U S WEST also will incur some miscellaneous switching costs associated with the increased use of inter-switch trunking to provide voice messaging in a number pooling environment.

2. Service Control Point -- U S WEST purchased 5 service control point ("SCP") pairs for purposes of local number portability, 4 pairs for local routing number queries and 1 pair to serve as a Message Relay Point for Message Relay Service queries for ported numbers. Number pooling will significantly increase the total number of these queries and exhaust the capacity on the SCP pair serving as a Message Relay Point. Accordingly, U S WEST will need to add a second SCP pair to serve as a Message Relay Point for pooled numbers. Workpaper 2 includes the portion of the hardware, software, maintenance, feature and capacity costs for that pair directly attributable to number pooling. Without this added Message Relay Point, U S WEST would not have sufficient capacity to ensure that calls to pooled numbers are routed properly and completed.

3. Links From Signalling Transfer Points To SCP -- U S WEST will add links from its existing signalling transfer points ("STP") to the newly added integrated service control point ("ISCP") pair used as a Message Relay Point. U S WEST will incur capital hardware costs to equip and build the required DSO circuit equipment at both the STP and ISCP sites at each end of a link and monthly lease charges to provide the point-to-point private line service required by

each of the links. These links are entirely attributable to number pooling and will be used only for message relay service queries.

4. Personnel Costs -- U S WEST will bear substantial personnel-related costs for purposes of planning, provisioning and maintaining the added number pooling software and hardware and for the administration, inventory management and reporting requirements imposed by the Commission's Order.

B. Information Technologies And Operation Support Systems

Significant Operation Support Systems ("OSS") changes are required to support the implementation of 1K pooling, including certain developmental efforts with Telcordia. Indeed, all OSS that use telephone numbers or NXXs will be affected. The costs for these changes -- which are set forth in detail in Workpaper 3 -- can be broken down into eight categories:

1. Network Routing -- These costs consist of U S WEST's share of the industry costs associated with the Number Portability Administration Center ("NPAC") and U S WEST-specific costs for the installation, deployment and testing of NPAC and the associated interfaces with U S WEST's systems. The Commission has already found that carriers are entitled to recover shared industry costs.[8] For purposes of this cost study, U S WEST uses the same 30% share of joint industry costs that was applied in the context of number portability. The U S WEST-specific costs in this category are primarily for the resources required to install, test and deploy U S WEST's Service Order Administration/Local Service Management System which provides network routing information to NPAC that is directly related to the provision of 1K number pooling.

[8] See Order ¶ 205.

2. Telephone Number Administration -- This category captures the costs for developing a system to identify 1K blocks and determine their level of contamination for purposes of identifying blocks to be donated and received, creating the report required by the Commission that specifies the usage category for numbers assigned to U S WEST and associated forecasting capabilities. These functions clearly are directly related to the provision of number pooling and fulfilling the requirements of the Commission's Order.

3. Trials -- This category is an estimate of the costs U S WEST will incur in supporting state-mandated number pooling trials, as well as the costs associated with implementing 1K pooling using NPAC v.1.4. This estimate assumes that U S WEST will participate in six state trials prior to the estimated national roll-out in 2001. Although states will determine whether to order these trials, they will do so pursuant to authority delegated to them by the Commission. As discussed above, because these costs are the direct result of a federal mandate, the costs for these trials should be recovered through the federal cost recovery mechanism and not be left for state mechanisms.

4. Provisioning -- This category encompasses costs for the necessary changes to U S WEST's various provisioning systems that are directly related to the provision of 1K number pooling. A portion of these costs consists of licensing fees to be paid to Telcordia for system modifications needed for the implementation of number pooling. The remainder are the development and resource costs U S WEST will incur for internal systems development. The affected systems include, among others, the Service Order Processing and Distribution System and related systems used to manage service orders, which must be changed to handle orders with "pooled in" numbers. In addition, U S WEST will bear substantial costs in modifying its

systems to synchronize data in various systems so that the network has the intelligence to properly route calls involving pooled numbers that were initially misrouted.[9]

5. Billing -- U S WEST will incur costs associated with billing changes needed for the provision of number pooling. However, U S WEST cannot estimate those costs until the Commission determines what cost recovery mechanisms will be used for number pooling.

6. Repair -- U S WEST will bear costs to have Lucent Technologies, Inc. develop a new repair-related system for U S WEST. This development is directly related to number pooling: the database design for U S WEST's current system will not work with number pooling.

7. Maintenance -- This category isolates the costs U S WEST will incur for the maintenance of the software listed in all of the above categories (both purchased and in-house). Such maintenance is necessary for the provision of number pooling to ensure, among other things, that the software developed for number pooling is compatible with the current version of the operating system and that adequate backup and recovery procedures are in place. U S WEST used the standard range of 11 to 15% of the total cost of the software. This standard is based on U S WEST's contracts with software vendors and on its internal experience.

8. Capital -- This category captures the hardware upgrade and replacement costs necessary to support the new software specified in the above categories.

U S WEST also expects to incur certain provisioning costs for systems that, although developed for number pooling, will also increase efficiencies in the network. The savings from

[9] As explained in Workpaper 3, the costs for this function are based on the assumption that it will be developed internally. If that proves infeasible, U S WEST may have to outsource that development to Telcordia, in which case the cost for this function probably will increase by as much as 100%.

these efficiencies will offset the development and testing costs. Accordingly, U S WEST has not classified those costs as recoverable.

C. Service Delivery

U S WEST will incur substantial costs for service delivery directly related to the provisioning of number pooling. Workpapers 4 and 4A set forth those costs. As these Workpapers indicate, these costs consist of additional headcount and associated training and capital costs. The majority of U S WEST's service delivery costs are associated with the incremental time that will be spent by frontline personnel who negotiate service orders. In areas where number pooling is deployed, these personnel will have to check every order to determine whether the assigned number is a pooled number. They must then create a manual written order (at least initially) with additional entries for pooled numbers, and, when appropriate, explain the new Commission-definitions as they apply to *assigned* and *reserved numbers*. At its peak, the headcount for frontline personnel will increase by 4.2%. The additional headcount and expense for frontline personnel will decrease as U S WEST deploys a mechanized process for ordering.

In addition to the expenses for frontline personnel, U S WEST will have to add headcount to several other areas:

- Methods and Procedures -- To develop methods and procedures for number pooling, such as dealing with customers who have exceeded the 45-day limit imposed by the Commission;
- Backroom Costs -- To handle the expected increase in Service Order errors, especially during the time that orders are manually entered, and to ensure the retention of numbers that currently reside in a contaminated 1K block of numbers that U S WEST will donate;

- Operator Information Services -- To deal with the complexities associated with directory listings; and
- Program Office -- To develop and test systems and ensure coordination with the affected U S WEST business units.

U S WEST also will have to create and deliver training programs to personnel in all of these function groups concerning the process and criteria for number pooling.

All of these costs would not be incurred "but for" number pooling and are directly related to the provisioning of number pooling.

D. Savings Resulting From Number Pooling

U S WEST will realize approximately $3.2 million in savings because number pooling will delay the need for area code relief in the form of NPA splits. U S WEST estimates that each split costs approximately $3.5 to $5 million. These costs include expenses associated with adding announcements to each affected switch, Automatic Number Identification conversion, changes to OSS and customer education. The implementation of number pooling will *not* eliminate the need for area code relief. Instead, it will simply delay the need for such relief in a given area by about two years. Accordingly, U S WEST will realize only the savings from delaying these expenditures for two years.

Moreover, it is not even clear that number pooling will substantially push back the time at which major changes will be needed to the North American Numbering Plan ("NANP"). Although early estimates suggested that number pooling might extend the life of the NANP by up to 25 years, there is very little information on which to base a reliable estimate, and U S WEST believes that the 25-year figure is almost certainly greatly inflated.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

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APPENDIX A

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May 19, 2000

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Re: Comments regarding the Commission's Further Notice in the Number Resource Optimization ("NRO") Proceeding, CC Docket No. 99-200

Dear Ms. Salas:

Please associate this letter with the above-referenced proceeding.

Introduction and Summary

U S WEST is filing this letter, in addition to a more formal legal pleading addressing cost recovery, so that our positions on two of the issues addressed by the Further Notice[1] do not get "lost" in the analysis of the important cost recovery issues.[2] Below we address the matter of **Number Utilization Thresholds** and what might be a desirable threshold required to be reached before a non-thousand block pooling carrier/code holder could receive additional numbers. As part of that discussion we address the differences between the utilization equation required by the Federal Communications Commission's ("FCC" or "Commission") NRO Report and Order and that previously utilized by industry, and how those differences are bound to produce confusion and tension in the determination of a mandatory, regulatory threshold. For this reason, we urge the Commission to adopt a threshold that is "flexible" and that can easily be changed as circumstances and additional experience require changes. We also address the matter of

[1] In the Matter of Numbering Resource Optimization, CC Docket No. 99-200, Report and Order and Further Notice of Proposed Rulemaking, FCC 00-104, rel. Mar. 31, 2000 ("Further Notice" or "NRO Report and Order").

[2] A copy of this letter is also included in our more formal filing as an Appendix.

allowing Commercial Mobile Radio Service ("CMRS") providers some **additional time after the deployment of Local Number Portability** ("LNP") to implement number pooling. We believe that allowing such time would be in the commercial interest of both the providers and the overall public interest.

The matters we raise herein are important not only to U S WEST as a commercial operation but as the first line of "representation" for our customers, who often do not follow the intricacies of regulatory matters. It is critical to both of these interests that sufficient numbers be available to carriers to meet the needs of customers, especially as those needs increase as new competitors and new telecommunications-based service offerings become available. For this reason, both the threshold established as necessary to secure additional numbers and the timing of CMRS pooling must be done with the goal of serving customers with the best and most accurate number optimization model possible. We are confident that such a model can be attained if the Commission and industry work together to increase common understandings and provide for practical implementations of processes that incorporate reasonable commercial practices.[3]

Number Utilization Threshold for Non-Pooling Carriers

In the Further Notice, the Commission asks about number utilization thresholds with respect to carriers not participating in thousands-block pooling[4] in order to flesh out a more meaningful record.[5] The information is sought both with respect to a national utilization level/threshold and a rate center-specific threshold.[6]

The context in which number utilization levels and thresholds are being addressed in the Further Notice involve the application of the utilization level equation established by the

[3] For example, the Commission's determination in its NRO Report and Order regarding the timeframe allowed with respect to Reserved Numbers does a disservice to both of these interests. In adopting a 45-day time frame regarding how long a number can be "reserved," the Commission rejected the opinion of a national numbering "subject matter expert" on numbering practices as well as sound commercial policies proposing a considerably longer period of time that corresponded more closely to industry practices and customer expectations. See NRO Report and Order ¶¶ 22-23 (rejecting the North American Numbering Council ("NANC") recommendation that numbers be permitted to remain in a reserve status/category for a 12-month period of time, with an additional six months of possible extensions). It also ignored the reality that customers often reserve numbers, have stationery printed, advertise and invest substantial sums regarding the implementation of a business enterprise that may not begin operations for some time. Indeed, U S WEST hazards a guess that the Commission could not have had the numbering scheme associated with its move to the Portals had it not reserved numbers for longer than 45 days. In the reconsideration phase, we hope to convince the Commission to change its position on the length of time that reserved numbers can be held in that category.

[4] For the most part, for U S WEST, this matter would be relevant to our wireless operations.

[5] See NRO Report and Order ¶ 115; Further Notice ¶ 248.

[6] Utilization data (rather than "thresholds") are also relevant to pooling carriers, since such carriers must report information regarding those levels to the North American Numbering Plan Administration. See 47 C.F.R. § 52.15(f)(5)(i).

Commission in the NRO Report and Order.[7] As the Commission itself acknowledges, carriers (at least non-pooling carriers) have not utilized that particular formula in the past to determine their utilization levels.[8] The specifics of the equation and the effect of the percentage result represent a radical departure from the way utilization information has been used previously.

In the past, utilization rates or levels have been used by carriers to understand their own internal number management and to report utilization information to various regulatory authorities, as appropriate.[9] Those rates were significant from a commercial perspective, not a mandatory, regulatory one. While there may have been different variations on the methodology or equation used by carriers to determine their utilization levels (for example, wireline carriers might use a different methodology than wireless carriers), generally the equation was one accepted by those in the industry utilizing it.[10]

The Commission's NRO Report and Order changes both the "form" of number utilization equations and the context of utilization rates and levels materially. All numbers must now be assigned to a particular category and then be folded into the Commission's newly-devised equation. Then, from that equation, at least with respect to non-pooling carriers, the Commission erects a type of "gatekeeper" function to the derived result. That is, unless and until a carrier reaches a particular threshold percentage, it would be unable to secure additional numbering resources. Thus, the bar has been raised regarding the significance of utilization equations, levels and rates. All elements become more critical to carriers and the industry.

The equation calculation found in the Commission's NRO Report and Order[11] is infirm in a number of respects (all of which will be more fully articulated in anticipated petitions for reconsideration). First, the numerator and denominator are not properly determined. Second, within the numerator and denominator the actual categories of numbers remain open to challenge and reconsideration. Third, the equation overall tends to **decrease significantly** carriers' current utilization levels or rates. While the ultimate mathematical outcome may not be nearly so

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[7] NRO Report and Order ¶¶ 107-112.

[8] See id. ¶ 115.

[9] See, e.g., ex parte letter from Kathryn Marie Krause, U S WEST, filed herein on Mar. 7, 2000.

[10] In general, the equation categorized numbers as "assigned" or "not assigned." In the latter category, a carrier might include those which the Commission calls "intermediate," "aging," "administrative" or "reserved." However, the precise total of numbers included in each category (so as to add each category to each other) might not have been tracked with any precision.

[11] The Commission's proposed equation is Assigned (as these terms are now defined by the Commission), divided by **[maybe]** intermediate + aging + administrative + reserved + available. There is an inconsistency between the discussion of the formula in the NRO Report and Order (paragraph 109) and the language used in the Rule (47 C.F.R. § 52.15(g)(3)(ii)). The latter states that it is the "total numbering resources in the applicant's inventory" of numbers held by a carrier that should make up the denominator (which would exclude "intermediate" numbers per the statements found in paragraph 21 of the NRO Report and Order), whereas the former uses the phrase "total numbering resources assigned to that carrier in the appropriate geographic region" which might allow "intermediate" numbers to be included as part of the "total numbering resources."

important as where the "threshold" percentage is set, low utilization percentages tend to paint the industry as currently inefficient with respect to their management of numbering resources -- an implication entirely undeserved.[12]

Ultimately, however, the "equation" used, whatever it may be, is not as critical as the utilization percentage chosen as a "threshold." That threshold must be set at a percentage that carriers can meet fairly flexibly so that additional numbers needed for growth can be obtained. So, what would be an appropriate "specific utilization threshold" for non-pooling carriers to "meet in order to request growth numbering resources?"[13] That answer will ultimately depend on what the Commission does with its currently-required equation.

At this time, U S WEST is not in a position to comment on what might be an appropriate national utilization threshold. Thus, it is uncertain whether or not the Commission's proposal of a 50% threshold that increases by 10% annually until it reaches 80% is reasonable. We will review the comments of other parties and may address this matter on reply.

With respect to specific rate center-based utilization thresholds, we do have a recommendation. Based on the best attempts of industry representatives to work through the Commission's currently-proposed calculation equation for utilization levels, and on the assumption that the threshold should be based on a carrier having an adequate six-month supply of numbers,[14] U S WEST believes that a non-pooling carrier should be permitted to request additional growth codes when it can demonstrate a number utilization threshold of 50%, with the percentage increasing 5% per year for two years (reaching a 60% utilization level). After that, many current non-pooling carriers will have become LNP-capable and will enter into the thousand-block pooling regime (e.g., CMRS providers). Thus, additional percentage increments are not necessary for this substantial category of service providers. For those remaining carriers that would not be participating in number pooling, the Commission need not continue to ratchet up the threshold by 5% increments every year. Rather, for administrative efficiency purposes, it should simply hold that the remaining carriers not participating in number pooling but demonstrating a 60% or better utilization level can secure additional numbers.

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[12] The decreases themselves, i.e., the "revised" utilization levels, might be used by some to argue that carriers are not utilizing numbers efficiently and so they should not be able to get additional numbers easily. For example, if based on the industry model, a carrier's utilization level is 70% and based on the FCC's prescribed equation (which, by reducing the items included in the numerator, reduces the percentage utilization) is 45%, some constituencies are certain to claim the lower number shows lack of efficient utilization, when -- in fact -- it merely shows a change in mathematic methodology.

[13] NRO Report and Order ¶ 248.

[14] Compare id. and ¶ 189 (noting that a six-month supply of numbers was appropriate for pooling carriers).

As is obvious, the percentages discussed above are less than those advocated by industry representatives in the past.[15] This is a result of the inherent tendency of the Commission's proposed equation to depress the percentages. And, while we do not agree with the Commission's utilization equation, and have a sense of discomfort from a policy perspective asking for growth numbers when our utilization might be reported as a low percentage (i.e., 50%), so long as U S WEST can secure additional numbers as needed to serve our customers and meet their needs, the exact method of calculating utilization percentages is less material.

However, we urge the Commission to maintain flexibility with respect to its chosen utilization threshold (e.g., establishing a "tentatively appropriate" level with a true-up to be determined at a future point in time), given that the "prescription" is new, the equation different from that utilized in the past, and some time is necessary to actually experience what is a "satisfactory threshold." Moreover, we believe it imperative that the Commission build-in some mechanism by which carriers' legitimate business needs for additional numbers may be addressed on an expedited bases, even if a specific rate center-threshold is not met. Such might be required, for example, to accommodate seasonal variations and new marketing initiatives. We believe such a flexible approach incorporates the kind of discipline the Commission hopes to insinuate into the process while still accommodating the public interest through flexible deployment.

Additional Time for Number Pooling Capability After LNP is Achieved by CMRS Providers

The Commission was correct when it allowed CMRS providers additional time to deploy LNP. Good cause for the LNP extension was found to exist because many CMRS providers were still in the process of securing spectrum and licenses, and where those assets were already secured were focused on deploying the build-out of their systems. It would make no sense to "undedicate" the resources the Commission found to be appropriately dedicated to system build-out and to LNP deployment and "dedicate" them to number pooling implementation. LNP-dedicated resources should not be diverted to flash-cut number pooling implementation.

CMRS providers should be permitted to continue to focus those resources on the projects at hand. A reasonable time for participation in number pooling after the completion of LNP deployment would be one year. At that point, a phased-in approach should be instituted, similar to that required under the NRO Report and Order for current LNP-capable carriers, whereby CMRS providers would pool numbers at the rate of three NPAs per NPAC region per quarter.[16]

That amount of time would allow CMRS providers to establish the systems architecture necessary for pooling, would allow for testing and the accomplishment of any necessary changes, and would allow for internal employee training and education. Not only would the

[15] See id. ¶ 248 (noting Cellular Telecommunications Industry Association's recommendation of a 60% utilization threshold as appropriate where there are jeopardy Numbering Plan Areas, which would increase annually by 5% to a maximum of 70%); see also id. ¶ 114.

[16] Compare id. ¶ 159.

public interest not be harmed by such a modest time allotment, it would be better served by the focused dedication of carrier employees on pooling initiatives than by depleting the availability of those resources currently dedicated to other commercial and regulatory requirements.

Sincerely,

Kathryn Marie Krause (Rw)

Elridge A. Stafford (RW)

CERTIFICATE OF SERVICE

I, Rebecca Ward, do hereby certify that on this 19th day of May, 2000, I have caused a copy of the foregoing **LETTER** to be served, via hand delivery, upon the persons listed on the attached service list.

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